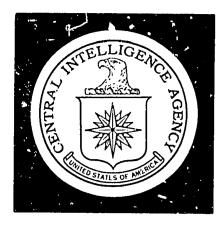
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State Dept. review completed

Intelligence Memorandum

Bolivia Under Torres

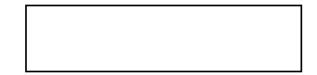
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CENTRAL INTELLIGENCE AGENCY Directorate of Intelligence 16 June 1971

INTELLIGENCE MEMORANDUM

## Bolivia Under Torres

### Summary

By Bolivian standards, President Juan Jose Torres' success in maintaining himself in power for eight months rates as a significant accomplishment. But Torres has failed to develop a viable base of support, and his regime's survival hinges on a precarious balance of political forces.

Active opposition centers around moderate and leftist civilians and a group of active and forcibly retired middle-grade military officers. These dissident groups are becoming convinced that action against Torres must be unified and coordinated, and progress toward the establishment of a common antigovernment front is being made. They are not yet sufficiently organized to act, however, because of differences within and between them. An impulsive and uncoordinated coup attempt, however, can not be entirely ruled out. A premature attempt is most likely to occur if military dissidents conclude that immediate action is necessary to prevent the destruction of the armed forces.

Under Torres the nation has drifted leftward, and relations with the US are deteriorating while contacts with the Soviet Union and Eastern Europe are increasing. This trend is not necessarily irreversible, however. There are some indications that Torres might abandon his courtship of the extreme leftist "popular forces" and seek the support

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of more moderate elements. The reconvening of the "popular assembly" on 22 June could result in a showdown between the extreme left and President Torres. The President has refused to recognize the legitimacy of the "popular assembly," and the new constitution scheduled to be promulgated by Torres on 22 June will probably make that body superfluous. Although they recognize that Torres may be about to turn against the extreme left, dissident military and civilian groups are still concerned over extremist influence within the government.	25X1 ]

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### Introduction

- l. In the Bolivian political spectrum, the only significant elements are the moderate left and the extreme left. Moderate and rightist sentiment, concentrated in the private business sector and the countryside, is dispirited and largely unorganized. Political parties and groupings are often more ephemeral than real. All contenders for political power claim to be the sole true incarnation of the "revolutionary" spirit of the nation. A leftist, nationalistic, "revolutionary" posture is the sine qua non for purposeful political activity in the Bolivian context.
- On 7 October 1970, Juan Jose Torres Gonzalez emerged as President of Bolivia from the confusion of an unconsolidated military coup against the government of Alfredo Ovando. then, Torres has maintained himself in power through an intricate political balancing act. He has secured the grudging neutrality of the labor- and student-dominated extreme leftist "popular forces" that were instrumental in bringing him to power, has kept moderate leftist opposition off balance with alternate doses of negotiation and repression, and has countered antiregime activity by dissident elements in the armed forces. But Torres has not been able to establish his own constituency, and his government's survival is due more to the weakness and inaction of other groups than to its own political strength.

# Torres and the "Popular Forces"

3. Qualified support for Torres from the major labor and student groups soon turned to suspicious neutrality, but these groups have not demonstrated determined opposition. Divided by ideology and personal ambition, the "popular forces" are incapable of seizing power themselves and recognize that an ill-conceived move could spark the listless military into counteraction.

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Under the nominal leadership of the head of the mineworkers union, Juan Lechin Oquendo, the "popular forces" have opted to remain independent of the Torres regime, while pressing the President to convert Bolivia into a "socialist" state.

- 4. Since taking power, Torres has tried to regain the support of the "popular forces." He has taken a number of actions consonant with their demands, including wage increases, the nationalization of foreign-owned businesses, and the elimination of "imperialist" institutions. Thus far, however, Torres' "revolutionary" measures have been basically consistent with his own ostensible leftist-nationalist political philosophy. Torres has refused to comply with extreme leftist demands for structural changes that appear to conflict with his own concept of "revolutionary nationalism" or threaten presidential prerogatives.
- 5. Last January Torres promised the "popular forces" that they could have an undefined "popular assembly." It was allowed to meet in the La Paz legislative palace on May Day, and is scheduled to reconvene on 22 June. President Torres is likely to continue his efforts to win the support of the "popular forces" without, however, compromising his authority by conceding legitimacy to the "popular assembly" or its resolutions.

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## The Opposition

- 8. Active opposition centers around moderate leftist elements of the Nationalist Revolutionary Movement (MNR), the moderate Bolivian Socialist Falange (FSB), and a group of active and forcibly retired middle-grade military officers led by former major Humberto Cayoja Riart. Former president Luis Adolfo Siles Salinas is also trying to form a broadly based anti-Torres coalition. These dissident groups are becoming convinced that action against Torres must be unified and coordinated and progress toward the establishment of a common antigovernment front is being made. The groups are not yet sufficiently organized to act, however, because of differences within and between them.
- 9. Although the MNR still has the largest following of any political party in Bolivia, it is troubled by internal dissension and is harassed by government repression. It is now nominally unified under the leadership of exiled former president Victor Paz Estenssoro, but how much influence Paz has over the activities of the other MNR leaders is uncertain. The party is hampered by a lack of funds and the need for its leaders to live and operate semi-clandestinely as well as by factionalism and defections.
- 10. The FSB, the MNR's old nemesis, is the closest to a rightist political party on the Bolivian scene. Its leaders have taken part in talks about a unified opposition but its actual strength

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is not believed to be significant. Inclusion of the FSB in the incipient anti-Torres alliance has upset some MNR leaders, particularly former president Hernan Siles Suazo, who feels that aligning the MNR with a party that opposed agrarian reform will cost the MNR its Indian peasant followers.

- ll. Divided by the events of October 1970 and demoralized by an abortive coup attempt in January 1971, the armed forces were dealt another severe blow last March when high military figures, including ex-presidents Barrientos and Ovando, were implicated in arms smuggling, political murders, and other crimes. Traditionally the most powerful institution of the nation and the guarantor of political stability, the military under Torres remains divided, dormant, and leaderless.
- 12. Although troubled by the regime's leftward drift, the dissident officers are primarily concerned with the integrity of the military institution, which they believe is endangered under Torres. The President has never enjoyed a large personal following in the armed forces, and there are indications that anti-Torres sentiment is increasing, especially among younger army and air force officers. There is evidence that these officers are becoming convinced that the MNR is preferable to keeping the present regime. Concurrently, Paz Estenssoro's assurances that the armed forces will be preserved and strengthened when the MNR returns have lessened the older officers' animosity toward the party.

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## Bolivia, the US, and the Communist World

15. The US presence in Bolivia -- official and private--continues to provide Torres with a convenient target in efforts to build a constituency on the left at someone else's expense. The President has assured the US ambassador that Bolivia desires good relations with the US "above all other countries," but the record of nationalizations, the handling of controversies over binational centers, and the expulsion of the Peace Corps hardly supports his con-The Military Assistance Advisory Group (MAAG) is now under attack, and it is more than likely that it will be the next element of the US official presence in Bolivia to be eliminated. groundwork for the MAAG's expulsion was laid in April, when members of the US military mission were accused of coup plotting and the US failed to obtain a definitive official retraction of the false charges. Although there is still almost \$2 million worth of materiel in the pipeline to Bolivia, grant aid under the Military Assistance Program is being phased out.\*

<sup>\*</sup> Since 1949 Bolivia has received more than \$23 million in US military grant assistance, \$290 million in economic development grants, and \$206 million in US development loans.

President Torres has already informed Ambassador Siracusa that without the materiel Bolivia has little use for US military advisers. Army Commander Reque Teran's recent equivocal public statement concerning the possible termination of the MAAG's presence suggests that the military hierarchy does not consider this issue vital enough to warrant a confrontation with the extreme left, or perhaps that it lacks confidence that the military would emerge victorious.

- Torres is committed to the "recuperation" of Bolivia's natural resources, but thus far his actions have reflected some understanding of the country's economic situation and of international financial reality. Although negotiations between nationalized investors and the Bolivian Government have proceeded hesitantly, demands by extremists for nationalization without any arrangements for compensation have been ignored. With the elimination of the International Metals Processing and Matilde Mining Companies this year, remaining US direct investment now totals only about \$20 to \$30 million. million investment of the Canadian International Power Company, which has a large number of US stockholders, is not included in this figure.) About \$15 million of the remaining US investment is covered by Overseas Private Investment Company (OPIC) insurance. Likely candidates for nationalization include the South American Placers gold mining operation and the W. R. Grace controlled Estalsa Mining Company. Either of these could replace the Military Assistance Advisory Group as Torres' next target.
- 17. The Torres regime's apparent lack of concern over the possible long-term economic consequences of its policies may be related to overtures from Communist nations offering to provide economic and technical assistance. Bolivian contacts with the Soviet Union and Eastern Europe have increased concurrently with the deterioration of US-Bolivian relations. Bolivia now maintains diplomatic relations with the USSR and all East European countries except Albania and East Germany. The Soviets have extended a \$27.5 million credit, and smaller credits

have been offered or granted by several other Communist countries.

- 18. Although Soviet representatives in La Paz have been active, Moscow's relations with the Torres regime have remained on a fairly low key, but they are nonetheless significant in the Bolivian context. Bolivia has received Soviet praise as one of the Latin American nations currently struggling against US economic "enslavement," and Soviet propaganda has approved Torres' "progressive" policies. USSR maintains a relatively large embassy staff in La Paz, including a recently arrived military attaché. The embassy's overt dealings with the small Moscoworiented Bolivian Communist Party, which selectively supports Torres' actions, have been restrained. Soviets are evidently anxious to avoid compromising either the party's nationalistic posture or their own standing with other political groups.
- The first sale of Bolivian tin to the Soviet Union took place in mid-1970, and commercial contacts have increased steadily. In August 1970 a trade agreement was signed providing for the \$27.5 million Soviet credit for the purchase of mining and petroleum equipment. Shortly after Torres' accession to power, the Soviets offered to provide equipment and materiel as well as technical and financial assistance to aid in a search for oil and minerals on the altiplano. In February 1971, a five-year bilateral culcural and scientific agreement was signed. There have been numerous cultural exchanges and visits by scientific and technical delegations between Bolivia and the European Communist nations, In early June, a Soviet aid program was announced. The aid package reportedly includes technical and financial assistance for prospecting for oil, natural gas, and water; credit for the construction of four tin-treating (volitilization) plants; and the compilation of a mineral resources The actual amount of financial aid to be extended will be determined after Soviet experts assess the technical requirements and costs involved.
- 20. Despite Soviet interest in establishing a foothold in Bolivia and in cultivating good relations with a "progressive" Latin American regime,

there is little evidence that Moscow has broader objectives in its relations with La Paz. The businesslike manner in which the Soviets have handled trade and aid negotiations suggests only limited goals. For their part, the Bolivians do not appear to be entirely satisfied in their dealings with the Communist world, and they have tended to move cautiously. Thus far, Soviet aid has been composed more of rhetoric than substance. The announcement of massive aid for mineral exploration on the altiplano last October apparently led only to a similar announcement in June. The Soviet credit remains unused, although it will undoubtedly be applied against the tin plants and/or prospecting costs. Implementation of both projects will require further credits, however, which will not be extended until completion of the Soviet feasibility studies.

- 21. Although the Soviets have not taken the initiative, they could find themselves presented with an opportunity for attaining a sphere of influence in the center of South America. Although President Torres once described capitalism and Communism as "the two most enslaving and aggressive economic systems in the history of humanity," projection of the thrust of current Bolivian policy suggests that further overtures may be made to the Soviet Union. If cut off from US sources of supply, even the Bolivian military might be receptive to Soviet aid. It is highly doubtful, however, that the USSR desires to become deeply committed in so inherently unstable a political situation.
- 22. The Chinese Communists have had warm words of praise for Latin American regimes that struggle against US "imperialism" and seek to shed American "domination" by nationalizing US-owned businesses. Bolivia and Communist China, however, are potential rivals in the world's mineral markets.

#### Where To?

23. The general trend of events in Bolivia is not necessarily entirely irreversible, even if Torres remains in power. There are indications that the President may yet abandon his efforts to carve out a political base on the extreme left and

may attempt to get the support of the military and the more moderate political groups.

- The 22 June session of the "popular assembly" could set the stage for a confrontation between Torres and the extreme left. The President has declared that the assembly lacks both constitutional attributes and a power relationship with the government. Torres has promised to announce a new constitution by 1 July. Promulgation of this document, which is certain to include a replacement for the "popular assembly," could result in a showdown between Torres and the extreme left. The assembly's agenda includes issues that could lead it into conflict with the President. "Popular forces" leader Lechin has adamantly maintained that the assembly will "truly solve problems and carry out its decisions," and he has also denounced Torres' intention to hold a referendum and national elections as "a fraud on the proletariat" and an attempt to return to "false democracy."
- 25. Last month the regime railed against radical student groups, claiming that the "infantile left" was infiltrated by "native agents of the imperialist intelligence services." Interior Minister Gallardo's statement was ostensibly a plea for student support in the face of the common "rightist" enemy, but it was also a thinly veiled warning that the government's patience with student disturbances was wearing thin. Student organizations angrily rejected the accusations. Torres is undoubtedly frustrated by the "attitude of continual challenge" manifested by the "infantile left" despite his efforts to demonstrate the "revolutionary" nature of his policies and goals. The refusal of Santa Cruz labor and student groups to participate in a short-lived government-sponsored "Popular Revolutionary Alliance" was another disappointment. The National Liberation Army (ELN), which is increasingly urban oriented and committed to armed struggle is not a serious threat. But even isolated terrorist acts could force Torres into taking repressive measures. Police or military action against the ELN would almost certainly spill over onto radical student groups.

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Juan Lechin reportedly has stated that "socialism" will be implanted in Bolivia whether Torres wants it or not. Lately, Torres has been careful to avoid accusing active duty military officers of coup plotting. Should Torres cease activities that are considered by the military to be detrimental to the armed forces institution, he might be able to regain some of the military support he has lost.

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28. The Bolivian political situation is an unstable amalgam of volatile elements. Despite Torres' lack of political support, no other power contender is confident of its ability to overthrow the regime and maintain control of the country. Contending forces have thus far canceled each other out, leaving Torres with a tenuous hold on the presidency. But this balance is highly precarious, and it is unlikely to continue much longer. His political astuteness notwithstanding, Torres' days are numbered unless he can acquire a powerful base of support.

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